

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



May 13, 2002

FOSTER CARE AUDITS LETTER (FCAL) NO. 2002-01

TO: ALL GROUP HOME (GH) PROVIDERS
ALL FOSTER FAMILY AGENCIES (FFAs)
ALL GH AND FFA CERTIFIED PUBLIC ACCOUNTANTS
ALL COUNTY WELFARE DIRECTORS
ALL COUNTY CHIEF PROBATION OFFICERS
ALL COUNTY MENTAL HEALTH DIRECTORS

SUBJECT: CHANGE IN EFFECTIVE DATE OF REGULATIONS CONCERNING
ANNUAL FINANCIAL AUDIT – OFFICE OF MANAGEMENT AND BUDGET
(OMB) CIRCULAR A-133 AUDIT REQUIREMENTS

REFERENCE: FCAL NO. 2001-03, DATED JUNE 14, 2001
FCAL NO. 2001-04, DATED OCTOBER 10, 2001

This letter is to advise you of a delay in the implementation of the OMB Circular A-133 audit requirements. Foster Care Audits Letters 2001-03 and 2001-04 notified providers of the requirement to comply with federal OMB Circular A-133 audit requirements effective July 1, 2002. However, due to ongoing communications with the federal Department of Health and Human Services (DHHS) to clarify implementation issues, the proposed regulation package is being revised to reflect recent information received from DHHS. The revised regulation package will be re-noticed for additional public comment in the next few weeks. The final A-133 regulations will NOT become effective on July 1, 2002 as originally noticed. We now anticipate that the regulations will become effective in the Fall of 2002. Current financial audit requirements will remain in effect pending implementation of the A-133 regulations.

As noticed in the referenced FCALs, under the proposed regulations, corporations that expend \$300,000 or more in combined federal funds will be required to comply with the A-133 audit requirements. Corporations can determine the approximate amount of federal Title IV-E foster care funds expended by using the following computation:

Multiply the total foster care payments received from the county(ies) X the federally allowable cost sharing ratio indicated in the provider's annual rate letter X the current Federal Medical Assistance Payment (FMAP) rate.

For example, a 12-bed group home program at rate classification level 10 (\$4858) that has an annual foster care payment of \$699,552, X a federally allowable sharing ratio of 92.47 percent, X a FMAP of .5140, the amount of federal Title IV-E funds received/expended for the period would be \$332,494. Based on this exmple, the group home program would be required to comply with the A-133 audit requirements.

The current FMAP rate for the period of October 1, 2001 through September 30, 2002 is .5140. The FMAP rate is updated annually in September and may be found at <http://www.dss.cahwnet.gov/pdf/FMAPCHART.PDF>. Please note that the FMAP rate applies only to federal foster care funds. Providers receiving funding for programs other than foster care should contact the source of funding to determine the approximate amount of federal funds.

Further guidance on the revised financial audit requirements will be provided as soon as details become final. In the interim, if there are any questions regarding this letter, please contact the Financial Audits and Investigations Bureau at (916) 274-0445.

Sincerely,

***Original Document
Signed By***

JUDY COLBERT, Chief
Foster Care Audits and Rates Branch

c: African American Foster Parent and Group Home Association
Association of Community Services Agency
Association of Minority Adolescents in Residential Care Homes
Association of Minority Adolescents in Residential Care Homes of Los Angeles County
California Alliance of Child and Family Services
California Association of Children's Facilities
Community Residential Care Association of California
County Welfare Directors Association
Foster Care Alliance
North Valley Children and Family Services, Inc.
Residential Care Providers Association of Los Angeles County